

## **BUDGET SUPPLEMENT NO: 1**

**May 24, 2007**

**SUBJECT: Murphy Avenue Enhanced Maintenance and Tree Lights**

### **BUDGET SUPPLEMENT SUMMARY**

In June 2006, the City Council asked staff to revisit the funding for Murphy Avenue at the 2007 Budget Workshop. Approval of this budget modification would provide enhanced maintenance services and possibly tree lighting replacement for Fiscal Year 2007/08. In the absence of a property or business owner funding source, enhanced maintenance of Murphy Avenue remains unfunded and cannot be absorbed within existing City operating budgets. As of July 1, 2007, all enhanced maintenance is scheduled to cease.

Staff recommends funding Murphy Avenue enhanced maintenance services at the current level for one more year (FY 2007/08.)

### **BACKGROUND**

Murphy Avenue has had enhanced maintenance services for many years. Historical data for the maintenance of Murphy Avenue reflects a budget of approximately \$40,000 per year up to FY 2001/02. In FY 1997/98, the funding of this service was moved from the operating budget to a capital project entitled "Downtown Area Maintenance Project (820610)" with the intention that the downtown businesses would self-fund this enhanced level of service in the future.

The following is historical information of the funding and enhanced maintenance service on Murphy Ave. This level of service is provided only on the 100 block of South Murphy Avenue.

FY 1987/88 through FY 2000/01:

- Litter removal—five days per week (landscaped areas only)
- Removal of weeds—every two weeks (landscaped areas only)
- Fountain maintenance—once a month
- Shrub and groundcover maintenance—as needed
- Removal and replacement of flowers—three times per year
- Sidewalk washing—once a week (half the street on Monday and the other half on Friday)

The Budget for the above services averaged approximately \$40,000 per year.

In FY 2001/02, the budget for the Downtown Area Maintenance Project was increased to \$90,000 to address the concerns of the downtown businesses about the condition of Murphy Avenue. The increased funding provided for the additional services listed below:

- Litter removal—five days a week (all areas)
- Sidewalk maintenance—three days per week)
- Removal of weeds—twice per week
- Shrub and groundcover maintenance—three times per year

In FY 2002/03, the budget for the Downtown Area Maintenance Project was increased to address further concerns by Council and downtown businesses, specifically cigarette butts and litter issues. The increased funding provided for the additional services listed below:

- Litter removal—seven days a week (all areas)
- Sidewalk steam cleaning—once a week
- Sidewalk power vacuuming on weekends

The total budget for all of the above maintenance for FY 2002/03 was \$116,711.

As part of the FY 2003/04 Budget reduction process, Council provided direction to fund the project for two more years (FY 2003/04 and FY 2004/05) with future costs to be funded through a business improvement district. The elimination of funding for this project in FY 2005/06 did away with the following services:

- Litter removal—seven days a week
- Sidewalk maintenance (power vacuuming on Saturdays and Sundays, water washing of all sidewalk areas on Mondays and Fridays, and steam cleaning section of sidewalks on Tuesdays, Wednesdays, and Thursdays so that all sidewalk areas were steamed cleaned once a week).
- Removal of weeds-twice a week
- Shrub and groundcover maintenance—three times per year
- Removal and replacement of annual flowers—three times per year
- Fountain Maintenance—once a month
- Daily manual removal of tree leaves during the fall season

Because a business improvement district had not been formed, Council, as part of the budget process for FY 2005/06, approved a limited maintenance schedule for Murphy Avenue for one year. The limited schedule included:

- Removal of weeds—once a week
- Litter Removal (landscaped areas only)—twice a week
- Shrub and groundcover maintenance—as needed
- Fountain maintenance—once a month
- Removal and replacement of annual flowers—three times per year with smaller flowers and the flowers are not replaced if vandalized.

The budget for the maintenance listed above was \$12,421 for FY 2005/06. In December of 2005, the City Council increased funding for maintenance by \$12,000 (for the remainder of FY 05/06) for a total annualized cost of \$35,000. This increase added the following services:

- Garbage pick-up on Saturdays and Sundays by Public Works staff.
- Pressure washing (once a week) and steam cleaning (once a month) sidewalk by Public Works staff.
- Litter removal along all sidewalks before pressure washing by Public Works staff.

On June 27, 2006, Council elected to fund the \$35,000 level of maintenance for FY 2006/07 and to fund \$7,000 for the tree lights on Murphy Avenue. These funds came from the General Fund Service Level Set-Aside. At this meeting, Council directed staff to revisit Murphy Avenue enhanced maintenance funding at the 2007 Budget Workshop.

On March 27, 2007, Council adopted a Resolution of Intention and established a Downtown Business Improvement District (BID) see RTC 07-069. At that time the Sunnyvale Downtown Association (SDA) stated that the first year of the BID was the most critical for the approval and the future success of the BID. The SDA stated that the priorities were expected to be for commercial marketing and special events, with minor allocations for Civic Beautification and Signage Program. The SDA did not feel that the Board would approve the enhanced maintenance of sidewalks and streets in the downtown as a primary function in the first year of the BID since many business owners expressed concern about costs for that program.

The expected budget for the first year of BID is expected to be approximately \$80,000 (this includes current SDA Summer Music Series budget of \$40,000 and possible contributions of about \$2,500); the BID can not afford to implement the marketing and maintenance programs at the same time. The BID's focus for its first year will be on outreach and attraction through the marketing programs.

It should be noted that funding for the tree lights on Murphy Avenue is also contained in a separate Capital project (824940) that also is scheduled to cease

at the end of FY 2006/07. The budgeted amount for the tree lights is \$7,000 per year plus \$13,500 every other year to replace the light strings. The light strings were replaced during FY 2005/06, therefore the cost to continue operations for one more year would be \$20,500.

Funding for enhanced maintenance services on Murphy Avenue will have no effect on the current level of street sweeping provided on this block. Street sweeping services on Murphy Avenue is funded through the Operating Budget within Program 116 – Pavement Operations. Therefore, funding of a Capital Project for enhanced maintenance services will not have an impact to street sweeping services on Murphy Avenue.

## **EXISTING POLICY**

### **Socio-Economic Element: Economy and Employment**

Policy 5.1B.2—Participate in partnerships with local industry/businesses in order to facilitate communication and address mutual concerns.

Policy 5.1C.1 Support efforts to establish Sunnyvale's downtown area as a strong commercial center for the City.

### **Land Use & Transportation Element**

Policy 5.1C.3—Maintain an attractive business community.

Policy N1.13—Promote an attractive and functional commercial environment.

Policy 2.5D.2—Maintain beautiful and comfortable outdoor public places which provide a shared sense of ownership and belonging for Sunnyvale residents, businesses, and visitors.

Policy 2.5D2k—Continue to encourage pedestrian and commercial activity on the sidewalks of the historic 100 block of Murphy Avenue.

### **Community Design Sub-Element**

Action Statement 2.5A.3f.—Strengthen the downtown as the visual as well as functional focus of Sunnyvale.

## **DISCUSSION**

City staff worked with the Sunnyvale Downtown Association (SDA) to establish a Downtown Business Improvement District (BID). A BID is a private sector funding tool that provides funding for specific activities. Businesses pay into the BID based on the benefit they receive as members of the district.

The Sunnyvale Business Improvement District (BID) was approved March 6, 2007 (Ordinance 2830-07) and will be in infancy for some time. The start date for BID collections is July 1, 2007. Although the City encouraged the businesses to include enhanced maintenance as part of the BID's activities, they have indicated that they will not be able to fund enhanced maintenance in the first years of the BID. The business owners have indicated that they will consider including the maintenance (\$7,000) of tree lights on Murphy Avenue as part of their activities in FY 2007/08 which would reduce the total cost to the City. However, it is not likely that they will be able to fund the cost of replacing the lights in their first year. The businesses cannot commit to funding activities beyond FY 2007/08 because the BID must be renewed annually at the request of the businesses and decisions on which activities the BID will fund can only be determined by the businesses after the BID is renewed.

Many residents and business owners have commented that the previous substantial reduction in the maintenance budget for Murphy Avenue had a noticeable effect on the appearance of the street. The lack of a property or business owner funding source for FY 2007/08 has left the enhanced maintenance of Murphy Avenue unfunded and not sustainable within existing operating budgets of the City. As of June 30, 2007, all enhanced maintenance is scheduled to cease. The routine maintenance of sidewalks, litter pickup, tree lighting and fountain maintenance will fall upon the property or business owners in the area.

### **SERVICE LEVEL IMPACT**

If funding for enhanced maintenance services and tree lighting on Murphy Avenue is not approved for FY 2007/08, the only maintenance services to continue will be periodic tree trimming consistent with the level of service the City provides for other City owned and maintained trees throughout the City. Street sweeping services on Murphy Avenue will not be affected.

### **FISCAL IMPACT**

The fiscal impact of any action taken by the City Council is dependent on the level of service that the City Council wishes to adopt for Murphy Avenue. These impacts will vary from \$0 to \$55,500 which would fund the enhanced street maintenance consistent with the FY 2006/07 service level at an estimated cost of \$35,000 and \$20,500 for the Murphy Avenue tree lights. As previously mentioned, should the BID fund maintenance for the tree lights, the total cost to the City would be reduced by \$7,000 for FY 2007/08. Unfortunately, this will not be known until after the City adopts its budget.

**ALTERNATIVES**

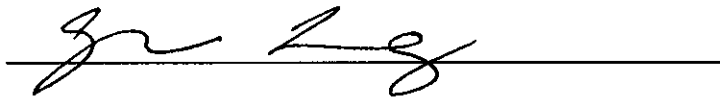
1. Approve funding of enhanced maintenance services for the 100 block of Murphy Avenue at the existing level of \$35,000 for Fiscal Year 2007/2008.
2. Approve funding of limited enhanced maintenance services as described within the report on the 100 block of Murphy Avenue at the original 2005/2006 budget level of \$12,421 for one year. (This covers the bare minimum first approved by Council for FY 05/06 and not the additional funding approved by Council later in December 2005.)
3. If the Business Improvement District funds operation for the tree lights, then approve funding of the Tree Light replacement for one year only, at a total cost of \$13,500.
4. Do not approve funding for enhanced maintenance services on the 100 block of Murphy Avenue.

Reviewed by:



Marvin A Rose, Director, Pubic Works

Reviewed by:

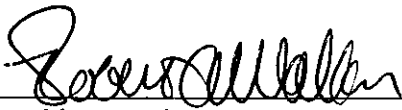


for Mary J. Bradley  
Director of Finance

**City Manager's Recommendation**

☒ [ X ] Approve Budget Supplement for funding

☐ [ ] Do Not Approve Budget Supplement for funding

  
Amy Chan, City Manager

Staff recommends Alternative #1: Approve funding of enhanced maintenance services for the 100 block of Murphy Avenue at the existing level of \$35,000 for Fiscal Year 2007/2008. Funding for an additional year is recommended primarily to mitigate the negative impact of the construction work at the Town Center on Murphy Avenue businesses. This would be a good faith effort on the part of the City while the BID becomes established and then be in a position to fund subsequent years for enhanced maintenance services.

In March 2007, Staff's recommendation for Council to adopt a Resolution of Intention to establish a Downtown Sunnyvale Business District was predicated in part on the assumption that the City would no longer fund enhanced maintenance of Murphy Avenue, and that the BID would have the option of doing so itself if this was determined a priority by the participating businesses. The City has so far spent \$53,450 in an effort to assist the Murphy Avenue businesses in the creation of the BID.

As mentioned within the report, the budget for the first year of the BID is expected to be approximately \$80,000 (this includes current SDA Summer Music Series budget of \$40,000 and possible contributions of about \$2,500); the BID has stated that it can not afford to implement the marketing and maintenance programs at the same time. The BID's focus for its first year will be on outreach and attraction through the marketing programs.

The business owners have indicated that they will consider funding maintenance of the tree lights on Murphy Avenue at a cost of \$7,000 as part of their activities in FY 2007/08. However, it is not likely that they will be able to fund the cost of replacing the lights in FY 2007/08. Staff would recommend the City fund replacement of the tree lights taking into consideration the BID funding Tree lighting operations. However, if the BID does not fund tree light operations, then staff would recommend not funding replacement of the tree lights in FY 2007/08.

In any case, this is the last year that funding is recommended for this service.